



DEPARTMENT OF HEALTH & HUMAN SERVICES

Health Care Financing  
Administration  
Region IX

Refer to: MCD-RHR

75 Hawthorne St.  
Suite 401  
San Francisco, CA 94105

MAR 9 2001

Phyllis Biedess, Director  
Arizona Health Care Cost Containment System  
801 E. Jefferson  
Phoenix, AZ 85034

Dear Ms. Biedess:

Enclosed is an approved copy of Arizona State plan amendment #00-014, regarding the method for calculating penalties related to transfers of assets. I am approving this SPA with the requested effective date of October 1, 2000.

If you have any questions, please have your staff contact Ronald Reepen at (415) 74-3601.

Sincerely,

Linda Minamoto  
Associate Regional Administrator  
Division of Medicaid

Enclosures

cc:

Joan Peterson, HCFA, CMSO, FCHPG (with enclosures)  
Elliot Weisman, HCFA, CMSO, PCPG (with enclosures)

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DIRECTOR'S OFFICE  
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STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State: Arizona

TRANSFER OF ASSETS

9. Penalty periods - transfer by a spouse that results in a penalty period for the individual-

- (a) The agency apportions any existing penalty period between the spouses using the method outlined below, provided the spouse is eligible for Medicaid. A penalty can be assessed against the spouse, and some portion of the penalty against the individual remains.
1. When both spouses are eligible, the penalty period is equally divided between the two members, regardless of which spouse made the transfer.
  2. If one member of the couple is eligible and assessed a penalty period, and the other member subsequently becomes eligible, the remaining penalty is divided equally between the two members.
  3. When a penalty has been divided between two eligible spouses and one spouse subsequently dies or becomes ineligible, the remainder of the penalty period is assessed to the remaining eligible spouse.
- (b) If one spouse is no longer subject to a penalty, the remaining penalty period must be served by the remaining spouse.

10. Treatment of income as an asset--

When income has been transferred as a lump sum, the agency will calculate the penalty period on the lump sum value.

☐ The agency will impose partial month penalty periods.

When a stream of income or the right to a stream of income has been transferred, the agency will impose a penalty period for each income payment.

☐ For transfers of individual income payments, the agency will impose partial month penalty periods.

☒ For transfers of the right to an income stream, the agency will use the actuarial value of all payments transferred.

☐ The agency uses an alternate method to calculate penalty periods, as described below:

If the monthly amount of the income transferred is less than the private nursing facility monthly rate, no penalty is imposed.